

PEOPLE Moore Book Wins 900 London Prize

Moore, the Irish-Catholic... Moore's book 'The Color of Blood'...

ward Teller, the scientist... Teller's role in the Manhattan Project...

University of Texas South... Teller's work on thermonuclear weapons...

ARTS... Various cultural news items...

EDUCATION... News about schools and universities...

COLLEGES & UNIVERSITIES... Higher education news...

PEN PALS... Pen pal exchange information...

SAVE MORE... Subscription offers...

Page 13 FOR MORE CLASSIFIED... Classified ad information...

PERFECT ENGLISH... Language learning materials...

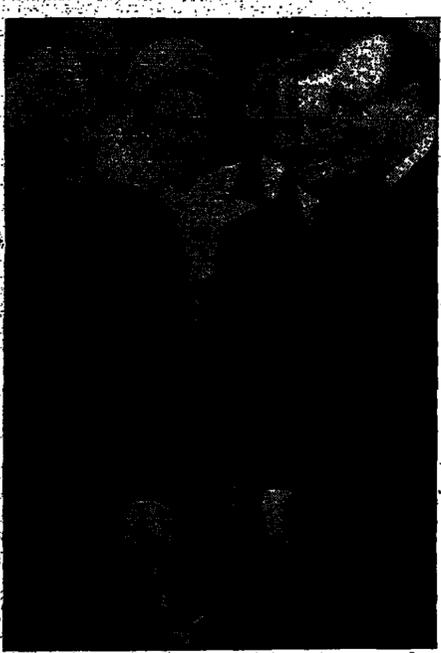
Various small advertisements...

The Global Newspaper Edited and Published in Paris

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Table with exchange rates and subscription information for various countries.



The Soviet foreign minister, Eduard A. Shevardnadze, left, as he was met Sunday in West Germany by Hans-Dietrich Genscher.

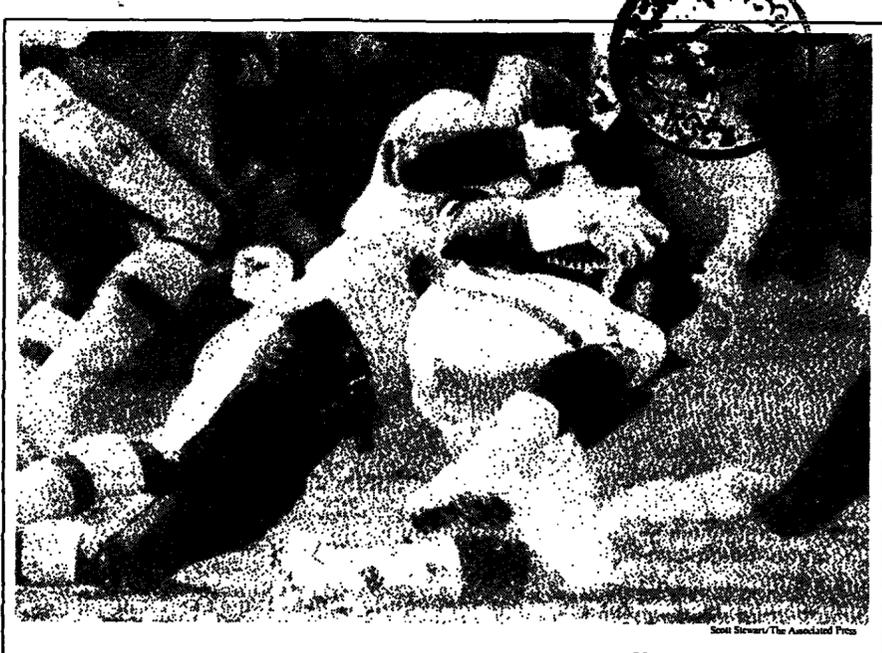
West Germans' View: 3 Cheers for Détente

By Robert J. McCartney... Bonn — The Soviet foreign minister, Eduard A. Shevardnadze, arrived Sunday for an official visit to the country that is perhaps the most enthusiastic in the West about Mikhail S. Gorbachev's new approach in foreign policy.

Israelis Enforce A Curfew Order Emerges As Major Tactic To Stem Unrest

By John Kifner... JERUSALEM — The Israeli Army had more than 240,000 Palestinians in the West Bank and Gaza Strip sealed in their refugee districts Sunday in what is emerging as the major government tactic against the wave of unrest in which at least 38 Palestinians have been killed.

The Shiite militia Amal lifted a three-year siege of Palestinian districts in Lebanon. Page 6.



Washington Defeats Minnesota, 17-10, in NFL Playoff

Clarence Vaughn of the Redskins tackling Wade Wilson, the Vikings quarterback, during the National Football Conference championship game Sunday in Washington. The Redskins earned the right to play in the Super Bowl on Jan. 31. Page 15.

Aquino Urges 'Clean and Peaceful' Vote

Compiled by Our Staff From Dispatches... MANILA — President Corason C. Aquino called Sunday for "clean and peaceful" voting amid warnings that soldiers loyal to former President Ferdinand E. Marcos would attempt to disrupt elections Monday for town and provincial posts.



Walesa and Wiesel Visit Nazi Camp in Poland

Elie Wiesel, with his wife at right, and Lech Walesa, each a winner of the Nobel Peace Prize, during a visit Sunday to the former Nazi death camp Auschwitz-Birkenau in Poland. Sunday was the 43d anniversary of the liberation of the camp, where Mr. Wiesel was once imprisoned. At the meeting, the symbolic start of a four-day symposium of Nobel Prize winners that begins Monday in Paris, the two men pledged to "proclaim to the world that human beings are worthy of hope."

Managua Restores Rights

Officials Warn On Aid but Agree To Talk to Rebels

WASHINGTON — The Nicaraguan government has suspended a state of emergency and pledged to open direct talks with the contra rebels. But it warned Sunday that "one more dollar" in U.S. aid to the rebels could mean the end of the peace plan.

The secretary-general of the Nicaraguan Foreign Ministry, Alejandro Bendana, interviewed Sunday by NBC television, said Sunday they would eventually be an amnesty for political prisoners.

See LATIN, Page 6

Klosk

Pope Sets Rules For Soviet Visit... ROME (AP) — Pope John Paul II said Sunday that he would be willing to visit the Soviet Union only if he could meet with Roman Catholics around the country.

MONDAY Q&A



Milovan Djilas, the Yugoslav dissident, says the political system in his country is breaking down. Page 2.

General News

Loyalist forces in Argentina closed in on an infantry base held by rebel troops. Page 6.

Six marines are suspected of espionage at U.S. embassies in Moscow and in Eastern Europe. Page 5.

Business/Finance... U.S. regulators will consider an \$8 billion plan for bailing out almost 150 insolvent S&Ls in the Southwest. Page 7.

Scientists Say U.S. Hid 117 N-Tests

By William J. Broad... NEW YORK — The United States has concealed at least 117 nuclear explosions at its underground test site in the Nevada desert over the past 25 years, a group of private scientists has reported.

Trader's Night Watch: A Computer by the Bed

By Steve Coll and David A. Vise... NEW YORK — From 6 to 8 each evening, Ian Spence attempts to detach himself from his work as the chief foreign-exchange trader at Manufacturers Hanover Trust Co.

U.S. Commerce Chief Sees a Stable Dollar

WASHINGTON — Commerce Secretary C. William Verity Jr. said Sunday he believes that the U.S. economy is strong enough to stabilize the dollar at about its current level.

As Polls Open in Haiti, Boycott Seems Effective

PORT-AU-PRINCE, Haiti — Confusion, disarray and empty polling places marked the start of presidential and general elections Sunday, as most Haitians appeared to answer a call for a boycott of the voting.

Strike Halted in Capital

Earlier, Joseph B. Treaster of The New York Times reported from Port-au-Prince: A general strike brought the usually busy Haitian capital to a virtual standstill on Saturday.

Walesa and Wiesel Visit Nazi Camp in Poland

Elie Wiesel, with his wife at right, and Lech Walesa, each a winner of the Nobel Peace Prize, during a visit Sunday to the former Nazi death camp Auschwitz-Birkenau in Poland. Sunday was the 43d anniversary of the liberation of the camp, where Mr. Wiesel was once imprisoned.

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See TRADER, Page 6

Various small advertisements and notices on the right margin.

Yugoslav Dissident Looks at Soviets and His Nation's System

Milovan Djilas, who broke with communism to become Yugoslavia's best-known dissident, was in Paris for a human rights conference. He spoke with Barry James of the International Herald Tribune.

Q. Haven't we seen glasnost before? A. Yes, many times. We may compare this period of Gorbachev with the rule of Czar Alexander II and his reforms. Of course, the czar was more autocratic, more radical.

Q. What has happened to reform initiatives in the past? A. They have been suppressed. History goes up, down, up, down.

Q. Are you saying glasnost may eventually lead to a new period of repression? A. Not necessarily. Suppression may be on a large scale.

Q. Are Western countries making too much of Mr. Gorbachev? A. No, I think the policy of Reagan generally is correct.

Q. Why do you say that? A. Because he understood the Soviets. He knew he had to be strong and push them into a corner. The Russians began to realize they could not maneuver with Reagan. After Reykjavik, they took the

initiative, and the Americans came to a halt, perhaps because of Iran. But the Americans quickly recovered and found the correct way to negotiate without giving away essential concessions.

Q. How should Western Europe deal with the Soviets? A. Negotiate, make compromises, but obtain concessions on political relations, human rights and problems in other countries such as Afghanistan and Cambodia.

Q. And what would you advise the nations of Eastern Europe? A. Be more active in opposing the Soviet Union, but in a peaceful way not through armed rebellion. Rebellion will be suppressed. I think Eastern European countries are already becoming more independent, spiritually, intellectually and even economically. It varies.

Q. As the author of the classic book on the *nomenklatura*, how do you think the "New Class" is faring today? A. Gorbachev is a product of the New Class. He is trying to renew and revitalize it. He wants to modernize the existing

system. In the beginning he may have some success, because the Soviet Union is a rich country with more specialists than it needs to modernize the economy. Later, the crisis will deepen unless social relations are adapted, too. But although some Communists may change, Communism will not. The hard-liners, the power monopolizers will continue until the end.

Q. Alexander Dubcek recently compared glasnost with the reforms for which he was toppled from leadership in Czechoslovakia. Do you agree? A. No. In Czechoslovakia, the process of the change was developing toward a pluralistic democratic system. Dubcek was not clear about this, but others around him were.

Q. What has happened to Communism in your own country? A. We have the first example of Communism disintegrating from within. The party is dividing along national lines into a series of national oligarchies.

Q. Can the party survive? A. Not in this form. Maybe it will evolve into something like social democ-

racy in the West. But the system in Yugoslavia cannot survive without some kind of Russian intervention, by which I mean foreign intervention, and I don't think this is realistic. It depends whether the West will be strong not to permit any such involvement in Yugoslav affairs.

Q. Can Yugoslavia hold together as a country? A. Very difficult. The process of disintegration is day by day more visible. There is a process of integration as well, but it is not organized and not so visible. The army is still united. The police are not disintegrating. And, with the exception of the Albanian minority in Kosovo, there is no tendency toward violence. Among the people there is no strong separatist movement. But the system is breaking down. Absolutely.

Q. What legacy did Marshal Tito leave Yugoslavia? A. Very little positive. Maybe he saved the state. But the system he left is not good. It doesn't function. Even under Tito it didn't function well. The only thing that functioned under Tito was

MONDAY

In Afghanistan, Stinger Is More Than a Missile

By John H. Cushman Jr. *New York Times Service*
WASHINGTON — Every so often a weapon appears on the stage of geopolitics in a leading role, shaping events as strategists, leaders and heroes might. The English longbow, the German V-2 rocket and the American atom bomb were this kind of weapon, each, for its time, tilting the balance of power.

It appears that Iran also has obtained a small number of Stingers by hijacking a shipment in Afghanistan. Sailors in the U.S. Navy at the Gulf have received special training.

NEWS ANALYSIS

at an army post in Texas on the use of the weapon, and they stand watches with Stingers on virtually every ship in the Gulf.

The Stinger was developed during the late 1970s, not as the weapon of choice for foreign armies but for U.S. foot soldiers who would use it as the last line of defense against fighter planes in theaters of war such as Central Europe.

The missile, which is shot from the shoulder from a launcher that resembles a bazooka with a computerized viewfinder attached, is guided to its target by a device in the nose that searches for the infrared heat from aircraft engines.

While the Stinger became a star in Afghanistan, it has taken on a role wherever a small, inexpensive weapon can serve, either tactically or symbolically, as a token of U.S. support for an endangered government or resistance movement.

The rebels fighting the Marxist government in Angola have been supplied with Stingers. So has the government of Chad, which used them to ward off air attacks by Libya. Bahrain, which looks with alarm at the prospect of Iranian air strikes across the Gulf, recently won U.S. congressional approval to buy about 70 of the missiles.



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have helped put this claim to rest by their effective use of the weapon. In practice, it turned out, the 18 steps needed to fire the weapon, while requiring considerable practice and fast thinking, were not much more complex than loading and firing a musket in the U.S. Revolutionary War.

Iran Opens Drive in Northern Iraq And Cites 1,500 Enemy Casualties

The Associated Press
NICOSIA — Iran said Sunday that Revolutionary Guards have launched an offensive against Iraqi forces in the snow-covered mountains of Kurdistan, capturing a chain of strategic heights and killing or wounding 1,500 Iraqi troops.

The official Islamic Republic News Agency said Iranian forces began their operations in the border region of northern Iraq early Friday.

Iraqi communiqués reported only that several Iraqi border towns in the north were shelled by Iranian gunners, injuring three women, two men and a child.

The Iranian news agency, which was monitored in Nicosia, said Iranian forces had captured six villages and about a dozen strategic heights overlooking Mawat, a town along the border with Iran east of the Iraqi city of Sulaimaniya, "depriving the enemy from having a full view of the area."

Meanwhile, the third U.S. naval convoy of the year was in the central Gulf on Sunday, a U.S. Navy spokesman said.

He said the guided-missile frigates Elrod and McClusky linked up with the Kuwaiti tanker Chesapeake City off Kuwait on Friday and that they were headed south.

Attacks Continuing *Patrick E. Tyler of The Washington Post reported from Kuwait:* Despite U.S. convoy protection for nine of the Kuwait Petroleum Corp. oil tankers registered under the American flag, Iran continues to inflict heavy damage on unprotected shipping bound to and from Kuwaiti ports, according to officials in Kuwait.

with such multinational giants as Shell Oil Co., Exxon Corp. and British Petroleum Co.

Kuwaiti government figures show that since the U.S. convoy operation began last summer, 16 merchant ships carrying oil or cargo to or from Kuwait have been attacked by Iranian gunboats patrolling the entrance to the Gulf.

The figures do not include the serious damage done to two of the re-flagged tankers — the *Bridgeport*, which hit an Iranian mine on July 24, or the *Sea Isle City*, struck by a Silkworm missile on Oct. 17.

"We're still getting bit pretty hard," said a government official, noting that Iranian frigates were responsible for many of the attacks.

Kuwait depends on the U.S. Navy convoys to export liquefied natural gas for Japanese customers and refined petroleum products such as naphtha and gasoline for its

refineries and "Q8" service stations in Europe, the official said.

"The Americans have certainly assisted in getting the products and the gas out, all of it," he said. "It was critical to get the products out to supply our downstream operations in Europe."

"On the crude oil side," the official said, "it has been done without the Americans."

Iranian attacks on oil tankers sent by customers or chartered by Kuwait to meet its contracts abroad inflicted millions of dollars in damage on the nation's oil commerce last year. They have left the conservative ruling family concerned that Iran could easily escalate its aggression against Kuwaiti targets.

The attacks were so intense in December that the sheikdom was in danger of not being able to meet its contracts to deliver crude oil to customers in Europe and Asia.

Qoboza, South African Editor, Dies

United Press International
JOHANNESBURG — Percy Qoboza, 50, one of the leading black newspaper editors in South Africa, died here Sunday.

Mr. Qoboza, a Nicman Fellow at Harvard University in 1976 and a guest editor at the *Washington Star* in 1980, became ill Dec. 25.

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He began his journalism career in 1963 as a junior reporter on the black-oriented *World Newspaper* in Johannesburg. In 1974 he became editor. He quickly angered the white government with criticism that culminated in 1977 with the banning of the newspaper. Mr. Qoboza was detained without charge for almost six months that year.

After his release he was appointed editor of the *Post and Sunday Post*, newspapers established by the white-owned Argus Group to replace the *World*. While he was living in the United States in 1980, the newspapers were closed by the government.

In 1984 he joined the twice-weekly *City Press*, now the biggest black-oriented newspaper in the country. He was appointed editor in January 1985. A company spokesman said Sunday that the newspaper dramatically increased its circulation under his editorship, hitting a peak of more than 200,000 copies late last year.

Joe Albany, Jazz Pianist Associated With Parker
NEW YORK (NYT) — Joe Albany, 63, a jazz pianist who emerged in the bebop era and was associated with the saxophonist Charlie Parker, died Tuesday of upper respiratory failure and cardiac arrest.

Among other musicians with whom Mr. Albany performed or recorded were Lester Young, Roy Haynes, Howard McGhee, Benny Carter and Charles Mingus. His best-known recordings were his 1946 sessions with Mr. Young; "Right Combination," made under his leadership in 1957 with Warne Marsh; and his final album, "Portrait of an Artist."

Other deaths:
Thomas A. Pappas, 89, a Greek-born international trader and Republican Party fund raiser who was a friend of President Dwight D. Eisenhower and in the late 1960s was linked with donations by the Greek military junta to Richard M. Nixon's presidential campaign, Wednesday at his home in Palm Beach, Florida, after a long illness.

Hiram Bingham Jr., 84, a son of the explorer and Connecticut senator, who as U.S. vice consul in Marseille helped the artist Marc Chagall, the writers Thomas Mann and Lion Feuchtwanger and other Europeans to flee the Nazis, Tuesday in New London, Connecticut.

Donald Healey, 89, race driver and designer of the Austin-Healey sports cars, Wednesday in southwestern England after a short illness.

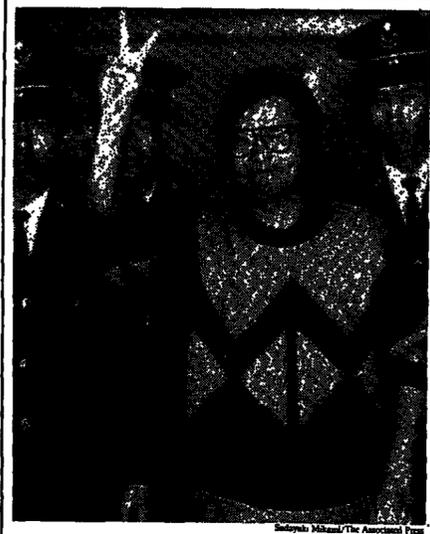
Patients' Rights Bolstered in U.S. Nursing Homes

New York Times Service
WASHINGTON — A U.S. law dramatically strengthens the protection of patients' rights by imposing dozens of new requirements on nursing homes and agencies that provide health care in patients' homes.

For the first time, the law will set standards for training nurse's aides, who provide the bulk of care to people in nursing homes. The requirements will take effect over the next two and a half years, with costs of compliance to be shared by nursing homes, the state and federal governments, and some patients.

Nursing homes will be subject to civil penalties of up to \$10,000 a day if they violate patients' rights or any other U.S. requirements relating to the provision of services. The Department of Health and Human Services also must establish standards for the training of people employed by home health agencies.

The law, signed last month by President Ronald Reagan, says that nursing home residents have "the right to choose a personal attending physician" to participate in planning their own care and treatment, and "to be free from physical or mental abuse."



TAIWAN JAILS INDEPENDENCE ADVOCATES — Tsai Yo-chuan leaving court in Taipei after he and Hsu Tsao-teh were sentenced for urging independence from China. The sentences Saturday, 11 years for Mr. Tsai and 10 for Mr. Hsu, were the first for sedition since martial law ended. The Kuomintang maintains there is one China, to be reunified under its rule.

INTERNATIONAL POSITIONS

You will find below a listing of job positions published last Thursday under the rubric International Positions.

TITLE	SALARY	EMPLOYER
DIRECTOR		ICIMOD.
SYSTEMS CO-ORDINATOR		AMP.
INGENIEUR COMMERCIAL		Groupe International.
ACCOUNT EXECUTIVES		SUCDEN (UK) Ltd.
INT'L DEVELOPMENT OFFICER		Int'l Company.
PUBLIC INFORMATION OFFICER	U.S.\$30,000-40,000	UNRWA HQ.

If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Nevilly Cedex, France. Tel: (1) 46.37.93.81. Telex: 613395

U.S. to Return Child to Zimbabwe

By Stuart Taylor Jr. *New York Times Service*
WASHINGTON — The Supreme Court has cleared the way for the State Department to return to Zimbabwe a 9-year-old boy who was taken from his father, a diplomat, last month amid accusations that he beat the boy.

The court's action came in a one-sentence, unsigned order Friday rejecting an effort by the Legal Aid Society of New York to continue an interim order issued by Justice Harry A. Blackmun a week ago that blocked the government from moving the boy, Terrence Karamba, while the justices considered the matter.

The chief spokesman for the State Department, Charles E. Redman, said that Terrence, who is staying at the home of a Long Island family, would not be moved until his fears have been assuaged by a government-retained psychiatrist.

Terrence is said to be terrified that if returned to Zimbabwe he will be put in the hands of his father. The State Department said that he would be protected by Zimbabwean officials but that he needed to be convinced of that and to receive psychiatric counseling first.

The State Department and others said there was clear evidence of abuse by the father, Floyd L. Karamba, a diplomat with the Zimbabwean mission to the United Nations who was expelled last month and returned to Zimbabwe.

Zimbabwe has demanded the boy's immediate return. The U.S. government, warning of harm to foreign relations, had urged the Supreme Court in papers filed Tuesday to rule promptly whether principles of diplomatic immunity and international law bar all state and federal courts from intervening in the matter.

New York City child welfare officials asserted that on several occasions the father had tied Terrence up naked, hanged him from a pipe by his bound arms and beaten him with an electrical extension cord, among other beatings that often lacerated his skin.

WORLD BRIEFS

Cambodia Offers Remains of 80 GIs

WASHINGTON (AP) — A Cambodian official told three members of Congress touring Southeast Asia that his country had the remains of 80 U.S. servicemen killed in the Vietnam War and was prepared to turn them over to the United States, the legislators have disclosed.

Gorbachev Says SDI May Bar Accord

MOSCOW (Reuters) — Mikhail S. Gorbachev has suggested that the U.S. program for a space-based missile defense could wreck prospects for cuts in strategic arms.

Italy Criticizes French-German Plan

ROME (Reuters) — Foreign Minister Giulio Andreotti of Italy has criticized a French and West German plan to strengthen West European military alliances, saying it could increase pressure in the United States to pull out American troops.

New U.S. Envoy Arrives in Austria

VIENNA (Reuters) — Henry Anatole Grunwald, former editor in chief of Time magazine, arrived Sunday to take over as U.S. ambassador to Austria, a delicate assignment because of the controversy over President Kurt Waldheim's wartime role.

China Considers Shift on Education

BEIJING (WP) — China is considering a radical shift in its education system that would require students to pay their own tuition and find their own jobs, according to official press reports.

U.S. Indicts 24 Aliens in Smuggling

WASHINGTON (WP) — Two dozen Mexicans and Bolivians, including Mexican police and military officials, have been named in two U.S. indictments in a weapons-smuggling conspiracy and an operation to smuggle cocaine from Bolivia to the United States.

For the Record

Sikh gunmen in the Indian state of Punjab killed five members of a Christian family and two Sikh policemen in separate attacks on Saturday night, the police said Sunday.

The Soviet Union has agreed to provide Nicaragua with \$294 million in economic aid in the next three years, including 300,000 tons of crude oil each year. The Sandinist newspaper *Barricada* said the accord was signed Friday.

TRAVEL UPDATE

Strike to Affect Some Alitalia Flights

ROME (Reuters) — An eight-hour strike by ground staff will force cancellation of most Alitalia international flights from the Rome and Milan airports on Monday, the airline announced.

Alitalia said Saturday that its international flights would not be affected but that the stoppage would affect domestic services by its subsidiary, ATI. The airline said about half of Alitalia and ATI flights would be grounded.

An ocean liner billed as the world's largest steamed out of Miami on Saturday carrying more than 2,000 people on a seven-day maiden cruise. The liner, the *Sovereign of the Seas*, cost \$185 million. It was built by France and is operated by the Royal Caribbean Cruise Line. (Reuters)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

- MONDAY: China, Guam, Puerto Rico, Tunisia, United States (most states).
 - TUESDAY: China.
 - WEDNESDAY: Ethiopia, Guinea-Bissau, Lesotho, Mali.
 - THURSDAY: Dominican Republic.
 - FRIDAY: Spain.
 - SUNDAY: Togo.
- Source: Morgan Guaranty Trust Co., Reuters.

DOONESBURY



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BRIEFS

Gains of 80 Gls

Official told three members of country had the remains of ...

May Bar Accord

... has suggested that the ... could wreck prospects ...

German Plan

Julio Andreotti of Italy ... to strengthen West European ...

es in Austria

Grunwald, former editor ... take over as U.S. ambassador ...

on Education

... radical shift in its education ... students to pay their ...

in Smuggling

... and Bolivian ... have been named in ...

UPDATE

Alitalia Flight

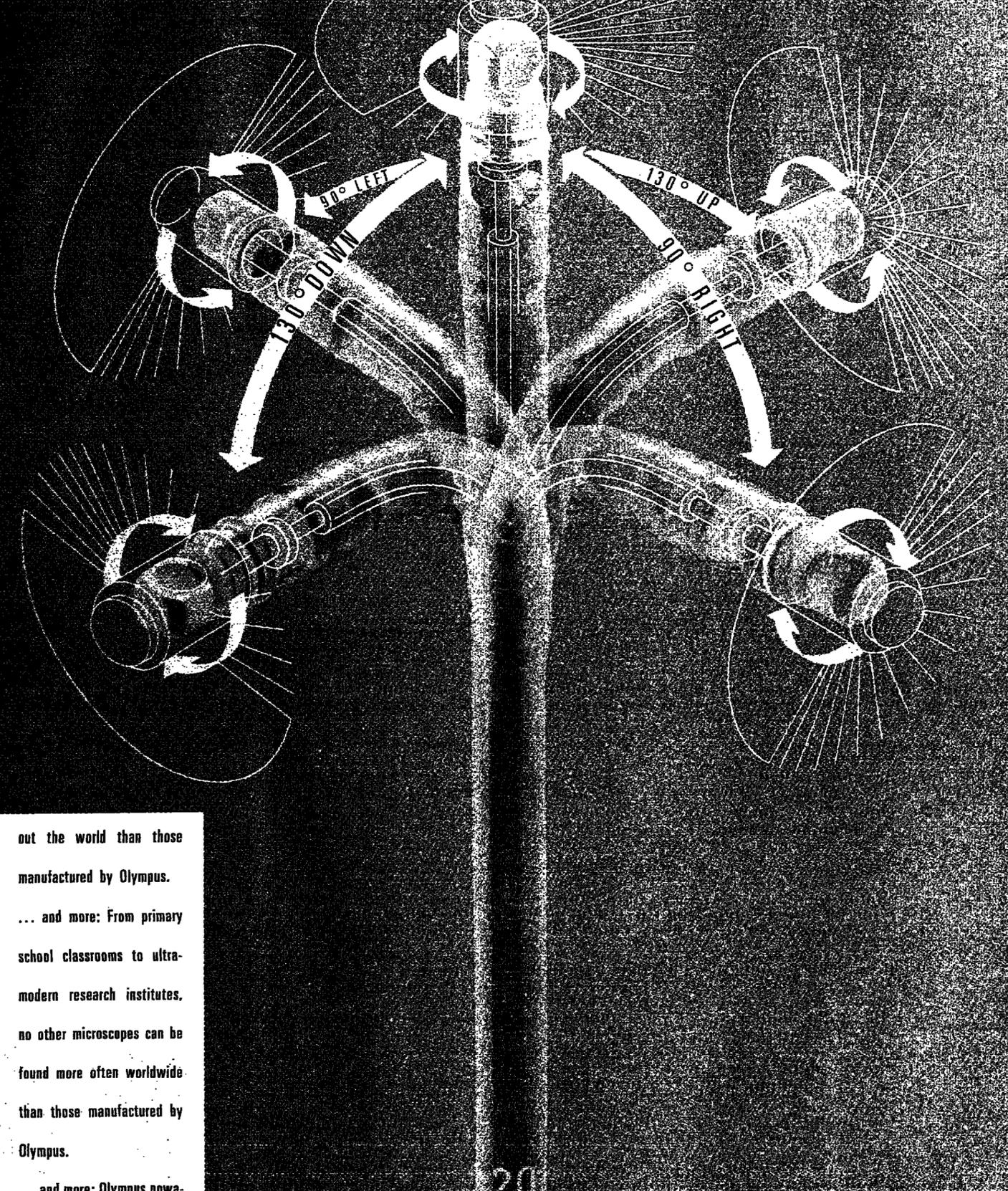
... and staff ... from the Rome ...

Small picture: Video Camera UV-F2 with fibroscope.

Large picture: Distal end of the ultrasonic endoscope.

Four-way navigation.

THERE'S MORE TO OLYMPUS



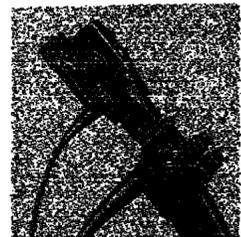
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Small picture: Video Camera UV-F2 with fibroscope. Large picture: Distal end of the ultrasonic endoscope. Four-way navigation.

Vertical text on the right edge of the page, including page number '3' and various small notices or advertisements.

OPINION

Herald INTERNATIONAL Tribune

A Question of Fairness

The Israelis have the land and the power in the West Bank and Gaza. The Palestinians have a grievance — the 20-year occupation — and, by virtue of a month's demonstrations, at least the temporary attention of an international public. Mostly by chance, it seems, residents and especially the young stumbled onto a new tactic. In front of foreign television crews, crowds throw stones and sometimes use other weapons against Israeli soldiers, whose responses, including beatings and shootings (more than 30 Palestinians have died), are often caught on film. Israel has been pummeled in world opinion and criticized in three resolutions of the United Nations Security Council. The third, enacted 14-0 on Thursday with the United States abstaining, challenged Israel's expulsion, forbidden under international law, of four Palestinians identified as perpetrators or organizers of violent resistance.

Pyongyang as Outlaw

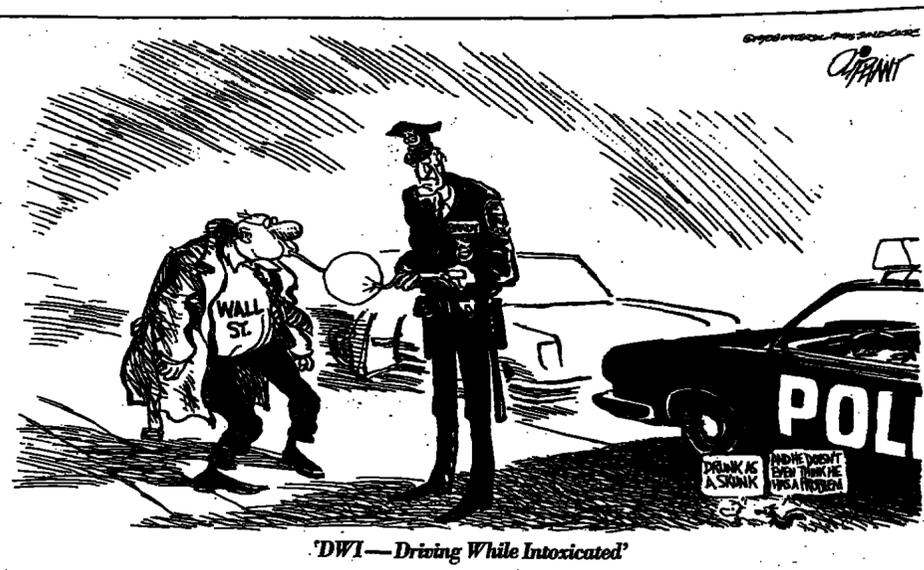
North Korea, a political and economic failure, hates and envies successful South Korea. Recently that envy has grown as Seoul reaches for new prestige by playing host to the 1988 Summer Olympics. Now it appears that despite the new and positive foreign policy signals Pyongyang has been emitting in recent months, its policy still comes down to nastiness, terror and murder. On Friday, Kim Hyon Hui confessed that she was a North Korean agent who planted a bomb last November on a South Korean airliner that later exploded over Burma, killing all 115 people aboard. Her professed motive: to derail Seoul's Olympic hopes by creating an atmosphere of danger. South Korea is considering retaliation. North Korea's behavior has alienated even many of Pyongyang's fellow Communist states, who are lining up to participate in Seoul despite the International Olympic Committee's denial of the North's demand to play co-host. That is because North Korea, while demanding recognition from civi-

Trade: Bad but Better

The U.S. government said Friday that the trade deficit declined 25 percent from October to November. That was good news, especially as to robust exports. The administration celebrated and the dollar and the stock and bond markets rose. Not to be drunk at the garden party, it is important to keep the events of the day in perspective. The monthly figures are notoriously volatile. November looked so good in part because October looked particularly — critically — bad. The monthly total for November, understandably greeted with joy, is greater than the annual trade deficit just a few years ago. A few years before that there was a surplus. The deficit does nevertheless appear to be working its way down, mainly in response to the lower value of the dollar, which makes foreign goods less competitive in America and U.S. goods more competitive abroad. That in turn is further evidence that what matters most in trade is the fundamentals — the relative strength of economies — and not the sort of kneecing and gouging that the trade bill in Congress would mainly do. The lesson for Congress is to back off. But the fundamentals take time; nor, by

Now It's Ron and Noboru

The first meeting of President Reagan and Prime Minister Takeshita of Japan showed promise — a friendly spirit at the top of what is otherwise a difficult economic relationship. With Japan's power swelling steadily, and American supremacy no longer unchallenged, relations still will be poisoned by stand-offs over trade and finance. The leaders on both sides need to demonstrate the will and disposition to counteract the poison. The two men started right off calling each other Ron and Noboru, picking up the Ron-Yasu friendliness of Mr. Takeshita's predecessor, Yasuhiro Nakasone. They did not then proceed to resolve their current No. 1 friction, the mutual exclusion of each other's construction companies. But on broader issues, all was harmony. Mr. Reagan pledged to go ahead with a new long-term agreement to let Tokyo reprocess nuclear waste into plutonium for nuclear power plants, despite objections from Congress. For his part, Mr. Takeshita promised policies to keep up the pace of Japan's domestic expansion. This is what the administration has been urging on both Japan and West Germany, but Bonn continues to resist. The meeting had one surprise: The two governments disclosed that the United States had arranged to buy yen from Japan to build up reserves that Washington can use to buy dollars when the dollar's value sags. Currency swaps are not new. But this one amounts to a clear declaration by the administration, after much vacillation, that it wants exchange rate stability. This will not necessarily stop the dollar's fall, but it could calm things for a while, and it certainly pleases Japanese exporters. High-level harmony notwithstanding, trade conflicts still rage. Despite a continuing drop in the trade deficit with Japan, Congress is on the warpath. Last month, it barred Japanese construction companies from U.S. government projects, retaliating for Japan's freezing American companies out. And it bashed the Toshiba company for selling sophisticated machinery to the Soviet Union, by curbing Pentagon use of Toshiba equipment and banning sales of military goods to Toshiba products. Both governments too often ponder to protectionists, to the detriment of their greater interests in freer trade and faster growth. Only the two top leaders have the political clout to turn this around. — THE NEW YORK TIMES.



Amid Israel's Troubles Comes a Rare Opportunity

WASHINGTON — Escalating protests in the West Bank and Gaza have presented the Israeli government with tough policy choices. If the protests and Israel's harsh countermeasures, like last week's deportation of Palestinian leaders, continue, the United States also will face hard questions about its posture in the Middle East. As disturbing as they are, the protests present a rare chance for all sides to approach the issue of Israeli-Palestinian disengagement in the occupied areas in a fair way. Here's why: For Israel, the disturbances have thrown into sharp relief the contradictions between continuing to have a society that is both Jewish and just, and hanging on to all the occupied areas. The peace camp and moderates in the Labor Party can start a real national dialogue on the future and morality of the occupation. This might help ease the disturbing self-image many Israelis are starting to have, as a society of Cossacks. For the Palestinians, a new internal leadership is emerging in the communities of the occupied territories. This leadership may still profess affiliation with the exiled Palestine Liberation Organization, but it is in a unique position to deal with Israel while retaining legitimacy in Palestinian eyes. Such a leadership can only be helped by recent signs from Yasser Arafat that a more moderate negotiating position may be acceptable to the PLO. For the Reagan administration, the continued protests present an occasion to revive the stalled Arab-Israeli peace process. The administration could, as a first step, take real action (not just the lip service of a Security Council vote) to stop Israel from deporting more Palestinians. Will any of this occur? Probably not, since many of the relevant actors may be intimidated by some short-term considerations. The first reaction in Israel to the protests has been a hardening of attitudes against the Palestinians (and against the idea of bowing to outside pressure). The peace camp seems virtually paralyzed. Foreign Minister Shimon Peres in particular. He seems unwilling to risk defeat in the general election scheduled for this fall. For their part, the Palestinians in the territories probably will see increasing numbers of their community leaders deported. Resentments will escalate and there will be no local counterweights to the militancy of the young. In the United States, there is no politically significant peace camp on the Israeli-Palestinian issue. While the violence has provoked heated discussions in the Jewish community, few Jewish leaders have dared speak out against Israel's iron-fist policy. And, in an election year, both the candidates and leading party members are reluctant to risk their chances by criticizing Israel. Thus, there is little counter to the vision of an administration that favors Israel because of its contributions to the Reagan strategic agenda. These facts may seem to discourage innovative U.S. diplomacy. But unless urgent steps are taken this year to reverse the cycle of Palestinian-Israeli violence, whoever comes into the White House in 1989 will face far more difficult policy choices. Unless the Israelis are forced to change course before their fall elections, the extreme-right parties probably will gain a significant say in the government. This would lock Israel and the Palestinians into sharply increased violence and could lead to the mass deportations that those on the Israeli right advocate. This could only have a disastrous effect on U.S. interests throughout the region. The time to act — on preventing further deportations and on restarting the peace process — is now. These vital goals should win broad bipartisan support in the United States. The alternative is bleak. If Israel carries on in its self-destructive ways, it may bring down with it Western security interests in the region. Helena Cobban is a guest scholar at the Brookings Institution. Yagil Weinberg is a fellow of the Center for International Security Studies at the University of Maryland. They wrote this for The New York Times.

Thatcher: She's Brilliant, Arrogant and All There Is

LONDON — Harold Macmillan once said of Margaret Thatcher that she was "a brilliant tyrant surrounded by mediocrities." There are not many among Britain's political class today who would disagree. The BBC recently ran a documentary on her first "Three Thousand Days" — she is now the longest-serving British prime minister in this century — and a good deal of bitterness was expressed by those who have served her and were broken, ejected or themselves chose to leave. Sir John Nott, who was defense secretary during the Falklands war and is now a banker, said Mrs. Thatcher's government has become authoritarian and that during the Falklands affair the people around her "restrained her from going over the top" — whatever that may mean. Her former lord chancellor, Lord Havers, when asked if she were ruthless, replied, "to use a neutral word, yes." A man who headed the Downing Street policy unit for three years said: "She was deliberately unreasonable, emotional, excitable. ... She used the fact she was a woman very powerfully to get her way." It is, of course, the ruthless, deliberately unreasonable people, exploiting their personal assets, female or male, who usually do get to the top in politics. One reason Mrs. Thatcher attracts hostility is that she is the first woman in a major Western country to do what she has done. Moreover, she intends not to stop, but to go "on and on and on," as she famously said on the night of her last victory. It is difficult, though, to go on and on and on without eventually stumbling, especially when you make enemies as confidently as does Mrs. Thatcher. Confidence becomes arrogance; arrogance overreaches. The interesting question is what can stop her. That something eventually will, few can doubt. But what? And when? Currently she is buffeted by controversies over tax legislation for local government, the National Health Service, and her attempt permanently to silence everyone who ever worked for the security services, as well as every newspaper or news agency of expression that tries to publish information obtained from MI5 or MI6, the domestic and external intelligence agencies. The tax change she wants is frankly intended to punish high-spending local governments controlled by the left. Instead of a property tax there would be a poll tax or "community charge" equal in amount for rich and poor. This is opposed as unworkable, retrograde and unjust by many Conservatives, as well as by the opposition, but Mrs. Thatcher will have it. The health service is gravely in diffi-



A Rise-and-Fall Warning for America

BEDFORD, New Hampshire — Presidential candidates do not have time to read, of course, so the message of a new 677-page book by the Yale historian Paul Kennedy, "The Rise and Fall of the Great Powers," has to be reduced to bumper-sticker simplicity. The aspirants for the White House surely would benefit from reading the central lesson of Mr. Kennedy's survey of "economic change and military conflict" from the dawn of the 16th century to the end of the 20th. His point is best captured in these two sentences: "The difficulties experienced by contemporary societies which are militarily top-heavy merely repeat those which, in their time, afflicted Philip II's Spain, Nicholas II's Russia and Hitler's Germany. A large military establishment may, like a great monument, look imposing to the impressionable observer; but if it is not resting upon a firm foundation ... [of] a productive national economy, it runs the risk of a future collapse." Mr. Kennedy found this pattern in the period he studied: Through a combination of innovation and investment, a nation achieves a spurt of economic growth, such as America had in the two decades after World War II. That economic power translates into expanded political leadership and responsibility. As the nation expands its international commitments, it spends more and more on bases, troops and weapons to protect its interests. The diversion of talent and resources into the military begins to erode economic investment and innovation. And eventually other nations catch up and surpass the old power. It may not be an iron law of history, Mr. Kennedy writes, but it is enough of a pattern that the challenge for America "becomes one of balancing the short-term security afforded by large defense forces against the longer-term security of rising production and income." "Balancing" does not mean scrapping alliances or slashing military spending. It means taking a broader measure of national strength than the number of warheads, divisions or ships one can deploy, a definition that includes the economy's productivity and growth. As it happens, the conclusion implicit in Mr. Kennedy's book is intuitively grasped by most voters, as shown by two public-opinion studies done late last year. A national poll for the World Policy Institute found a 3-to-1 majority agreeing that "economic power is more important than military power in determining a country's influence." Similar majorities said they believed that while U.S. military power had grown since 1980, the economy had gotten weaker relative to other countries and "America's industries are not geared to keeping up with changes taking place in the world economy." By a similar margin, those polled cited these adverse economic factors as a greater threat to the future of the United States than the "military strength of the Soviet Union." This survey, it should be noted, was taken just before the stock market dive Oct. 19 and before the U.S.-Soviet summit meeting in Washington. A similarly timed survey of Southern swing voters (who had backed Ronald Reagan for president but a Democratic candidate for the Senate) found that a majority of that crucial electoral bloc believes that "Ronald Reagan and the Republicans haven't done enough to make America strong by investing in education and by supporting American industry." According to the report by the Democratic Leadership Council, "The Southern swing voters, while determined that America's defenses need not be weakened and supportive of selective military operations abroad, do not ... worry a great deal about America being strong enough militarily. ... These swing voters hope that the next president will turn his attention to making 'American industries and workers more productive and competitive.'" The World Policy Institute study, which confirmed these findings about Southerners, also found that most conservatives and Republicans across the nation believe that economic power will be more important than military power in determining America's long-term influence. As a campaign issue, this is not the property of one party or one candidate. But no contender has yet put the proposition in clear terms. Those who advocate a continued military buildup tend to neglect the weakened economic foundation. Those who talk about investment at home say or imply that the United States can shirk its military burden. The message of history, as Mr. Kennedy reads it, is a message these polls say Americans are ready to heed. For anyone who wants it in bumper-sticker terms, here it is: A strong America begins at home. — The Washington Post.

For Taiwan, The Key Is To Keep On

By Thomas Omestad WASHINGTON — When Chiang Ching-kuo died last week, the regime reacted by instinct: It banned demonstrations for 30 days, illustrating the fragility of the country's nascent democratization. Nonetheless, this change of leadership offers the United States an opportunity to strengthen democratic forces within Taiwan. While world attention has fixed on policy hitches toward democracy in the Philippines and South Korea, a quieter story has been unfolding in Taiwan. In the last two years, President Chiang shook up Taiwan's authoritarian political system. He ended martial law, which had been in force for 38 years. Freedoms of speech, assembly and the press were tacitly widened. Opposition political parties were allowed to form and to open a dialogue with the ruling Kuomintang or Nationalist Party. And Mr. Chiang eased the quiet confrontation with the People's Republic of China by permitting family visits to the mainland, a "first" for the Nationalists, who fled in 1949 after the Communists defeated them. Mr. Chiang, son of Chiang Kai-shek, China's World War II leader, had sided with younger Kuomintang moderates against party hard-liners who fought the reforms. Thus, the test now facing his successor, Lee Teng-hui, is whether he continues to modernize Taiwan's political structure. To be sure, the end of a family dynasty that governed Taiwan since 1945 will open a painful inter-ten-year period of transition. The regime may act defensively if it senses opportunistic threats from its opponents. Conservative pressure to halt or slow the pace of reform is likely, but if hard-liners gain the upper hand it may spark a conflict between the government and supporters of the new Democratic Progress Party. Taiwan's feisty opposition factions will see the transition as an opportunity to demand "self-determination" — allowing Taiwan's 19.5 million people to decide the island's political future. The Democratic Progress Party has promised to suspend demonstrations temporarily, but it will return to the streets with new vigor as the reform process stalls. In this volatile period, the United States, Taiwan's principal friend and trading partner, has an responsibility to reassure and prod the regime. It can foster confidence and stability by pledging to continue arms sales and political support. This approach must remain unflinching to respect sensitivities toward Beijing, which Washington recognized over Taipei in 1979 as the government of China. Equally important, Washington should reiterate its support for safeguarding and advancing the reforms. Taipei's pervasive security apparatus must be held in check. The Nationalist government cannot fall back on repressive measures and expect U.S. support to remain strong. America's interest in fostering liberalization reflects human rights concerns as well as strategic ones. Washington's balancing act between Beijing and Taipei could be threatened by any anti-government upheaval in Taiwan. Because of the growing public appetite for change, especially from the native Taiwanese — 85 percent of the island's population — the new leaders must continue to make democratic reforms. Taiwan's booming export-driven economy has pushed the average per capita annual income above \$3,000, financed universal education and put the island on the road to status as a developed nation. Yet the emerging middle class has come to expect political opportunities commensurate with its economic progress. Mr. Lee, the first native Taiwanese president, could leave his mark by opening Taiwan's parliamentary bodies to free elections and distancing the ruling party from official government functions. These reforms would go to the heart of the Kuomintang's power, but without them the government risks unleashing explosive opposition demands like those seen in South Korea. For its part, the opposition would do well to avoid a major clash with the new leadership, probably a collective one that includes the party and military, sorts itself out. With American encouragement and Kuomintang flexibility, the death of President Chiang should not curtail a promising democratic beginning for the people of Taiwan. The writer, associate editor of Foreign Policy magazine, recently met with government and opposition leaders in Taiwan. He contributed this comment to The New York Times.

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FROM STORING INFORMATION

MONDAY, JANUARY 16, 1988

EUROBONDS

Markets Exultant as Data Point to Slower Growth

By CARL GEWIRTZ International Herald Tribune PARIS — The obsession in all financial centers with last week's U.S. trade figures may have seemed an absurd caricature of what globalization of markets is all about.

The figure was absolutely crucial to forming an opinion about the economic outlook. "The picture we're now getting from the \$4.4 billion drop in the trade deficit and the 0.5 percent reduction in the producer price index...

The trade data should usher in a new period of relative exchange-rate stability.

Markets, however, were exultant. The dollar soared 35 percent to 1.6875 Deutsche marks, and nearly 4 percent to 130.95 yen.

Slower growth is good news for the bond market. It diminishes the risk that the Federal Reserve will have to tighten interest rates and enhances the possibility that rates will decline.

Secret Explosions (Continued from Page 1) participated with Soviet in monitoring U.S. and sea clear test sites.

Representative Edward II key, Democrat of Maine said, "The findings compel us to shift moderates in Congress to accept a test ban...

Mr. Markley supports the testing and is a member of the House of Representatives committee that oversees the nuclear program.

The Reagan administration long contended that it was impossible to verify in any way whether small test sites were active.

On several occasions, he has tried and failed to get votes to ban all U.S. nuclear tests greater than a kiloton, but in a one-kiloton cutoff...

The report, known as the "Know USA" report, was made public at a symposium on nuclear testing held in Las Vegas...

Among the surprises in the report is the disclosure that secret test plots were being used in the signing of the Test Ban Treaty of 1963...

The Department of Energy, which runs the nuclear program, has disclosed a 469 underground test sites in the present, including 100 in the United States...

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LISBON — Russian troops can retreat say the Mozambican government troops and the Mozambican government...

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BofA Pays Fine of \$220,000

Penalty by U.S. Involves Kuwaiti Boycott of Israel

Los Angeles Times Service LOS ANGELES — BankAmerica Corp. has agreed to pay \$220,000 to settle charges by the U.S. Department of Commerce that it violated rules governing trade boycotts of other countries.

The fine is the largest ever for a U.S. bank involving the type of allegation directed at Bank of America, a Department of Commerce spokesman said.

The regulations in this case apply to all foreign boycotts not supported by the United States and directed at countries friendly to the United States, the spokesman said.

The agency noted, however, that Bank of America cooperated in the matter, among other things reporting the letter to the department.

Most orthodox economists disagree with Mr. Greider's class-oriented approach because they believe that taming inflation benefits an entire economy.

Book Criticizing Volcker Stirs a Storm

By Paul Blustein Washington Post Service

WASHINGTON — A publisher hoping to persuade Paul A. Volcker to write his memoirs recently sent the former chairman of the U.S. Federal Reserve Board a copy of a just-published book about the Fed. Along with the book came a note that, according to friends of Mr. Volcker, said: "I hope this book makes you so mad that you'll feel compelled to write a reply."

That book is titled "Secrets of the Temple: How the Federal Reserve Runs the Country" and it's not hard to imagine why Mr. Volcker would find it objectionable. Instead of hailing him as the man who saved the U.S. economy from double-digit inflation, the author, William Greider, says Mr. Volcker's policies caused more harm than good.

Mr. Volcker, so far, won't comment on the book, but it has drawn incredulous reactions from some of his admirers. Lyle Gramley, a former member of the Fed board, said that attacking the Fed for quashing the inflation of the 1970s "is like knocking a team that has just won the Super Bowl after going 9-16 the year before."

Specifically, the agency alleged that in 1985 Bank of America made payments on a letter of credit issued by the National Bank of Kuwait on behalf of an unnamed Kuwaiti company. That company, as a condition of buying goods from an unnamed U.S. company, required the U.S. company to stop doing business with certain other U.S. companies.

Those other U.S. companies apparently do business with Israel, the commerce spokesman said late Friday.

The regulations in this case apply to all foreign boycotts not supported by the United States and directed at countries friendly to the United States, the spokesman said.

The agency noted, however, that Bank of America cooperated in the matter, among other things reporting the letter to the department.

The fine was paid as part of a consent agreement.



Bob Daugherty/The Associated Press

Paul Volcker, right, the departing Fed chairman, and his replacement, Alan Greenspan, last June.

agree with Mr. Greider's class-oriented approach because they believe that taming inflation benefits an entire economy. But even critics expect Mr. Greider's theories to have a significant impact.

On Capitol Hill, staff members of the congressional banking committees already have written queries to the Fed about the book's revelations. They say that, by demystifying the central bank, the disclosures will spur lawmakers to ask pointed questions of Mr. Volcker's successor, Alan Greenspan.

The argument advanced by Mr. Greider, a political columnist perhaps best known for his scathing magazine articles and book on the former budget director, David Stockman, is rooted in populism.

He contends that the Fed's policy of driving up interest rates to subdue inflation benefited the wealth-oriented classes — banks, Wall Street firms and rich bondholders — at the expense of farmers, workers, small businesses and others who constitute the "debtor class."

At the Fed itself, senior staffers were generally upset over the New Yorker excerpts, which were copied and widely circulated at the central bank. Joseph R. Coyne, the Fed's spokesman, refused to respond to the book.

"Why should I?" he demanded. Mr. Greider, he said, "knows what I think of it." A number of others who declined to be interviewed said that they wanted to avoid publicizing the book.

But the Fed officials who agreed to discuss it said that while they strongly dispute Mr. Greider's conclusions, his reporting on the Volcker era is surprisingly free of factual errors. "I think it brings out the story of what went on pretty accurately," said Frank E. Morris, president of the Federal Reserve Bank of Boston.

The book recounts several episodes in which the Fed squeezed credit even more than it intended, driving interest rates to record levels and engendering a deep, lengthy recession in 1981-82. Mr. Greider contends that the Fed showed little concern for the pain caused ordinary citizens and the protests of their elected representatives. The Fed acted up only when the economy's woes threatened the health of the banks — which had generally profited from high interest rates, he writes.

Fed officials say Mr. Greider is correct in his assertion that the Fed's efforts to quell inflation tended to hurt poor people disproportionately. But they say he goes too far in claiming that the Fed put the interests of the moneyed classes above those of society as a whole.

"What would happen to poor people if, instead of facing up to inflation, we had just kept moving down that track to the point where nobody would invest anywhere in productive assets and would only invest in paintings and antique silver?" Mr. Morris asked. "How do you get sustained productivity gains in an economy where the financial sector is falling apart completely because of inflation?"

Roger Guffey, president of the Federal Reserve Bank of Kansas City, said: "In hindsight, I would say there were times when we probably overshot a bit" by keeping credit too tight. But, he added, "Hindsight is always 20-20," and he suggested that the end result was worthwhile. "Stability of prices is a key ingredient in maintaining a viable economy," he said.

But Mr. Greider contends that the Fed actually damaged the U.S. economy's long-run prospects. He said the agency would not combine the failed Texas insti-

U.S. Data Boost Markets, but Dealers Look for Longer-Term Assurance

LONDON — Global financial markets start the week in better shape after Friday's news that the U.S. trade deficit shrank, but dealers remain cautious about forecasting a strong rally in stocks or the dollar.

The dollar hit a two-month peak against the Deutsche mark in New York on Friday, Wall Street closed 2 percent higher and shares in London and Paris were 3 percent up after the release of figures showing that the U.S. trade deficit narrowed by 25 percent in November compared with October.

Bad U.S. trade numbers for August helped trigger the Oct. 19 stock market crash, and bad October figures pushed the dollar down to record lows late last year. Thus a frenzy of pent-up buying was unleashed when Washington announced that November's deficit was \$13.22 billion, compared with October's record \$17.63 billion dollar gap.

But European dealers said that the deficit, which economists say both a cause and an effect of world economic imbalances, must be narrowed substantially in the long run to secure a sustained rebound in the markets.

"Markets have been moved by headlines, presidents, Super Bowl scores and deficits," said one London trader on the market's preoccupation with U.S. trade figures. "At the moment it's deficits."

Ian Harwood, director of British equities at the London brokerage Warburg Securities, said now that investors have had a weekend to digest the implications of the data, trading on Monday would test the market's sharp improvement.

And in Tokyo, Chuck Goto, a senior analyst with S.G. Warburg Securities (Japan) Ltd., said, "I don't see this as a fundamental improvement."

"There is no real indication that savings rates are up and import consumption is down," he added. "Exports did show some improvement, although it's uncertain as to whether that is a trend."

"I need to see another couple of months before I'm convinced," Mr. Goto said.

The U.S. commerce secretary, C. William Verity, has said the trade deficit for the whole of 1987 is likely set another record, totaling at least \$170 billion.

European share traders said they expected early gains when markets reopen Monday.

"The figure was better than expected and should boost share prices for some sessions to come," a Frankfurt trader said.

Share dealers in Tokyo, where the market was closed Friday for a holiday, said they expected a considerable increase in volume this week, boosted by the trade figures and a stronger dollar.

Huge U.S. deficits have been pumping dollars overseas, depressing the currency's value. A weaker dollar alarms Asian

and European investors because as well as generally eroding confidence, it crimps export earnings.

The dollar, which started the year at a record quoted low of 1.5690 Deutsche marks and 120.45 Japanese yen, surged ahead to close Friday in New York nearly 6 percent higher on the day at 1.6875 DM, and 5 yen higher at 130.95 yen.

But dealers in the Middle East, the only place currencies are traded on weekends, were taking no chances. The dollar was little changed from New York closing levels.

"Nobody's talking of a dollar bottom yet," said one U.S. dealer after the deficit figures. "But people who were very bearish may feel less comfortable with predictions of the yen at 100."

A New York dealer said, "The outlook is a little more positive for the next few weeks, although the market will test the ranges." He said market optimism was tempered by caution over Japanese trade figures due for release on Tuesday.

Dealers in Tokyo said the dollar should rally up to 135 yen this week, although some are concerned that the dollar's appreciation would reverse progress made so far in curbing the U.S. trade deficit.

"If the dollar rebounds too much, everyone will be waiting for it to fall," said Craig Chudler of Smith New Court Far East in Tokyo.

Soviet Bloc's Credit Strains Worsen

By John Tagliabue New York Times Service WARSAW — Throughout Eastern Europe, an economic crisis is placing increasingly heavy strains on the region's already difficult relations with foreign creditors.

The latest sign of trouble came Friday, when the head of Poland's national bank, Wladyslaw Bekka, announced that the country's hard-currency foreign debt had risen to \$37.6 billion by the end of 1987, from \$33.5 billion a year earlier.

In Romania, the government has announced that it will forego all foreign borrowing in 1988, after suspending repayment of \$1.9 billion owed the World Bank amid bitter accusations of discriminatory interest policies.

And in Yugoslavia, the government begins talks this week with the International Monetary Fund to secure a rescue package that will help it service \$20 billion in debt.

As these countries struggle with hard domestic decisions, there is growing disenchantment with a perceived inflexibility of creditors. But despite occasional swipes at Western financial institutions by government officials or the press, there has been surprisingly little tendency to politicize the issue.

The East Europeans are reluctant to break relations with Western creditors for fear of jeopardizing trade credits and export markets, or for fear of international ostracism. So most, with the exception of Romania, hope to appease foreign banks to get new loans.

There has been little coordination of debt policy, mainly because most countries are at different stages in their discussions with creditors. While Yugoslavia is negotiating resumption of a standby program with the International Monetary Fund, Poland still hopes to conclude the first such program this year, coupled with a \$250-million World Bank loan package.

Until now, repeated debt restructuring for the two major debt-

ors, Poland and Yugoslavia, with total foreign debt of \$58 billion, gave the appearance of bringing the situation under control. But on Friday, Mr. Bekka said that while Poland last year repaid \$2 billion of principal and interest, it remained \$12 billion in arrears.

Last month, Finance Minister Bazyli Samojlik complained that foreign-debt repayment was costing Poland far more than the resources available from export earnings. He said Poland would fall at least \$500 million in arrears on 1988 repayments. He said that only a "more elastic approach" would help, and that "we need a change of attitude from our creditors."

Yugoslavia missed \$245 million in repayments last June, and has said it wants to restructure its debt to delay repayment of principal, and that it seeks new loans of \$2 billion this year.

As in Latin America, some East European governments have begun cautiously exploring novel financing tools, such as debt-equity swaps, to relieve the foreign-debt burden.

Grzegorz Wojtowicz, a board member of Poland's national bank, said provisions for such swaps were built into an agreement the bank is now negotiating with commercial bank creditors in the West.

But he acknowledged that the scope for such financing arrange-

ments was critically limited in Eastern Europe by the virtual absence of capital markets.

Prospects for an improved debt repayment performance are dim. Yugoslavia's growth has stagnated, while inflation is running above 160 percent. The Polish government is struggling to impose economic changes and austerity measures, but trade surpluses have been running consistently below target figures, while inflation, largely a result of government-imposed price increases, is projected to reach 42 to 44 percent this year, up from 27 percent in 1987.

Romania forms a special case, for it has pledged to eliminate its entire outstanding hard-currency debt of \$5.5 billion by 1991, even though the price has been chronic food and energy shortages.

West Germany has pledged to explore new economic aid to Poland, a move that evidently reflects Bonn's growing concern that economic turmoil could produce regional instability. The New York Times reported from Warsaw.

But the lack of a specific aid commitment fell short of Polish expectations of immediate aid from Bonn.

Welcome to Bargain Heaven, U.S.A. Even 'Made in Japan' Can Be Cheaper Than in Tokyo

By Robert Lindsey New York Times Service

SAN FRANCISCO — Akami Ueno, who lives near Tokyo, flew across the Pacific and bought a camera with a familiar label: Made in Japan.

The Nikon he bought cost \$255 at a discount store here. In Tokyo, Ms. Ueno said, she would have had to pay almost \$500 for the camera.

In a turnaround from the long postwar pattern in which Americans traveled overseas on bargain-hunting trips, Asian and European tourists are on a buying spree on the West Coast and in New York, scooping up suits, cosmetics, shoes and a wide range of other merchandise.

Benefiting from a decline in the value of the dollar of nearly 40 percent, Asian and European investors have acquired billions of dollars worth of real estate and other property in the United States since 1985. Now, retailers say, foreign consumers are arriving in search of bargains too.

The dollar has made a modest recovery against the Japanese yen and currencies recently but these fluctuations have done little so far to dampen the ardor of foreign shoppers, some of whom said they thought the United States had supplanted Hong Kong as the world's best bargain-hunting ground.

At the Macy's store in downtown San Francisco, women from Japan could be seen buying six pairs of shoes at a time. At the Brooks Brothers store, Yasuko Iwasaki of Tokyo bought \$20 ties for her boyfriend, saying the same ties would cost \$100 apiece at home.

Peggy Mendelson, vice president and general manager of the Neiman-Marcus branch in San Francisco, said it was not uncommon for Asian tourists to buy as much as \$2,000 worth of cosmetics during a brief stop at her store.

Jodie Kuta, assistant manager of the Chanel boutique on Rodeo Drive in Beverly Hills estimated that Japanese tourists made up 60 percent of her customers and Europeans, 10 percent.

"They're buying \$880 handbags, jewelry and cosmetics — 20 lipsticks at a time," she said. "When they shop here for many things, it's like an automatic 50 percent-off sale."

The bargain-hunting is not limited to fashionable boutiques and department stores. Kenneth Poole, an executive at the Del Amo shopping center in Torrance, south of Los Angeles, said, "We're getting a very heavy influx of Japanese and Chinese, not only tourists, but business executives who live near here and bring the members of their family who are visiting."

Harvey Shields of the Travel and Tourism Administration of the Federal Commerce Department said foreign visitors spent an estimated \$18.9 billion in the United States last year, up from \$13.8 billion in 1984. Most of the increased spending has been by Japanese visitors to Hawaii and the West Coast, but some New York retailers said they are also benefiting.

Julian Taub, a senior vice president for planning at Bloomingdale's in New York, said a recent survey indicated that purchases by foreign visitors accounted for 20 percent of sales at the company's Manhattan store in 1987, twice the proportion of See BUY, Page 13

Last Week's Markets

All figures are as of close of trading Friday

Table with columns for Stock Indexes (Dow Jones, S & P 500, NYSE, FTSE 100, Nikkei 225, Hang Seng, HSI, ASCI) and Money Markets (Discount rate, Federal funds rate, Prime rate, etc.)

Currency Rates

Table showing currency rates for various countries including Australia, Canada, France, Germany, Hong Kong, India, Japan, etc.

Other Dollar Values

Table showing other dollar values for currencies like Argentine, Australian, Canadian, etc.

SELECTED U.S./O.T.A. QUOTATIONS

Table with columns for Bid, Ask, and Price for various stocks like Alan Jones Pit Stop, Bitter Corp, etc.

War Games

A little-understood NYSE listing called Bolt Beranek & Newman has developed a way to simulate tank and helicopter battles between teams on either side of the Atlantic.

THE INTERNATIONAL MANAGER

A WEEKLY GUDERY SHERRY BUCHANAN WEDNESDAY IN THE FT

ADVERTISEMENT

XEROX CORPORATION (CDE) The undersigned announces that as from 27th January 1988 at Kas-Associatie N.V., Spilstraat 172, Amsterdam, div.op.no. 55 of the CDRs Xerox Corporation, each of the repr. 1 share, will be payable with Dfls. 1.18 net (div. per record-date 04.12.1987; gross \$.75 p.a.) after deduction of 15% USA-tax = \$.1125 = Dfls. 0.20 per CDR. Divs. belonging to non-residents of The Netherlands will be paid after deduction of an additional 15% USA-tax (= \$.1125 = Dfls. 0.20) with Dfls. 1.38 net.

COMPLETE AIRCRAFT MANAGEMENT SYSTEMS

AMSTERDAM DEPARTMENT COMPANY N.V. Amsterdam, 12th January 1988.

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01 323 11 30 Prices may vary according to market conditions and other factors.

Jan. 14

Dollar Straights

Table of Dollar Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various market indicators.

Japan

Table of Japanese bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various market indicators.

United Kingdom

Table of United Kingdom bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various market indicators.

United States

Table of United States bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various market indicators.

Supranational

Table of Supranational bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various market indicators.

Western Europe (Other)

Table of Western Europe (Other) bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various market indicators.

Dollar Zero Coupons

Table of Dollar Zero Coupons bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various market indicators.

DM Zero Coupons

Table of DM Zero Coupons bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various market indicators.

ECU Straights

Table of ECU Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various market indicators.

DM Straights

Table of DM Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various market indicators.

Mutual Funds

Table of Mutual Funds, listing various fund names and their performance metrics.

Yen Straights

Table of Yen Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and various market indicators.

DM Straights

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NYSE Most Actives

Table of NYSE Most Actives, listing top trading volume stocks.

AMEX Most Actives

Table of AMEX Most Actives, listing top trading volume stocks on the AMEX.

NYSE Sales

Table of NYSE Sales, showing trading volume and other metrics.

AMEX Sales

Table of AMEX Sales, showing trading volume and other metrics.

NYSE Dividends

Table of NYSE Dividends, listing dividend-paying stocks.

AMEX Dividends

Table of AMEX Dividends, listing dividend-paying stocks on the AMEX.

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New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (millions)	Maturity	Coupon %	Price	Price end week	Terms
FLOATING RATE NOTES						
HMC Mortgage	£150	2015	0.35	100	—	Over 3-month Libor until 1998 and 0.50 over thereafter. Average life 6.4 years. Fees 0.07%. Denominations £100,000.
FIXED-COUPON						
Esparfinare	\$150	1990	8%	100%	99.65	Noncallable. Fees 1%. Also 150,000 warrants, priced at \$0.75 each, entitling holders to buy \$1,000 of a fixed exchange rate of 1.6365 marks per dollar. Breakdown rate 1.7472.
Norsk Hydro	\$250	1990	8%	101	100.30	Noncallable. Fees 1%.
European Investment Bank	DM 300	1998	6%	100	98.35	Noncallable. Fees 1%.
Fortmaris Kraftgrupp	DM 200	1993	5%	100%	98.90	Noncallable. Fees 2%.
Algeriens Bank (Nederland)	DF 150	1992	5%	100	—	Noncallable private placement.
Stalalder Bank	DK 300	1993	10%	100%	99.38	Noncallable. Fees 1%.
Banque Nationale de Paris	Aud 50	1991	13%	101%	100.25	Noncallable. Fees 1%.
Eurofima	Aud 75	1995	13	101%	99.50	Noncallable. Fees 2%.
Société Générale	NZ\$ 50	1991	16	101%	100.00	Noncallable. Fees 1%.
Irreland	Y 30,000	1993	5%	101%	99.75	Noncallable. Fees 1%.
EQUITY-LINKED						
Hawwa	\$150	1993	open	100	100.40	Coupon indicated at 5%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set Jan. 20.
Hokkai Can	\$ 80	1993	5	100	109.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 1702 yen per share and at 129.45 yen per dollar. Fees 2.5%.
Joshin Denki	\$100	1993	5	100	106.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 1702 yen per share and at 128.45 yen per dollar. Fees 2.5%.
Nichiei	\$100	1993	open	100	100.50	Coupon indicated at 5%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set Jan. 20.
Sanken Electric	\$100	1993	open	100	108.00	Coupon indicated at 5%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set Jan. 20.
Taiyo Kagaku	\$ 50	1993	open	100	99.50	Coupon indicated at 5%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set Jan. 20.
WARRANTS						
Citibank (Zurich)	0.25	1988	—	\$55	—	Put warrants exercisable on Dec. 19 1988 only, and entitling holders to buy \$1,000 of a fixed exchange rate of 1.60 Deutsche marks per dollar. Breakdown rate 1.512.
Citibank (Zurich)	0.25	1988	—	\$31	—	Call warrants exercisable on Dec. 19 1988 only, and entitling holders to buy \$1,000 of a fixed exchange rate of 1.65 Deutsche marks per dollar. Breakdown rate 1.70.
Financière CSFB	0.40	1990	—	\$130	—	Warrants exercisable at DM 1,629 each into the U.S. Treasury's 8% bond due 1997.
Banque Paribas	0.10	1990	—	\$62%	—	Warrants entitling holders to buy \$100,000 of a fixed exchange rate of 1.6365 marks per dollar. Breakdown rate 1.7425.
Trinkhaus & Burkhards	2	1990	—	DM10%	—	Warrants entitling holders to buy \$100 of a fixed exchange rate of 1.633 marks per dollar. Breakdown rate 1.738.

NBC-Turner Broadcasting Talks End

By Peter J. Boyer
New York Times Service

NEW YORK — NBC and Turner Broadcasting System Inc. have halted negotiations that would have given the major U.S. network a minority interest in Ted Turner's cash-hungry television enterprise, officials of the two companies have said.

The end of the talks, which have been going on since October, was announced Friday at Turner Broadcasting's quarterly board meeting in Atlanta. Representatives of both NBC and Mr. Turner said the price to make further discussions worthwhile.

"The price that TBS has sought for its shares has not made it possible to find an acceptable basis upon which a deal structure could be based at this time," said M.S. (Bud) Rukoyser, executive vice president of communications for NBC.

A senior NBC executive recently said that Robert C. Wright, the

network's president, had become extremely frustrated by the negotiations because Mr. Turner kept raising his price.

An executive at Turner Broadcasting, who also asked not to be identified, said that NBC had offered about \$12 a share, while Mr. Turner was asking about \$20 a share.

Although Mr. Turner is said to be reluctant to yield even a portion of control over the company he built, he was forced to seek NBC's investment because of a deadline he faces on repaying some of the \$1.4 billion in debt incurred from the purchase of the MGM-UA Entertainment Co. in 1986.

The discussions with NBC were held in the shadow cast by a consortium of cable operators that invested \$500 million in Turner Broadcasting last spring. That group controls 37 percent of Turner Broadcasting's stock.

Mr. Turner remains the majority stockholder, with 51 percent of the voting stock. Time Inc., the largest investor in the cable group, with a 10.1 percent stake, has an option to buy control of Cable News Network if Mr. Turner decides to sell it.

That presented a potential complication to NBC's involvement, because the 24-hour all-news network was part of what attracted NBC to Turner Broadcasting.

NBC, which is searching for new avenues of investment in the face of an uncertain future for network broadcasting, will continue to talk with other cable operators about possible deals, Mr. Rukoyser said.

Starting April 30, Turner Broadcasting has six months to restructure its debt or face the appointment by the cable consortium of an additional two members to its board. The cable operators currently have seven members on the 15-person board.

Asked when Mr. Turner would look next for an infusion of money, Arthur Sando, a spokesman, said, "We're exploring other options."

Digital Tape Dispute May Be Winding Up

By Andrew Pollack
New York Times Service

LAS VEGAS — Record companies and consumer electronics manufacturers have begun moving toward resolving a dispute that has kept digital audio tapes out of the hands of U.S. consumers.

Digital audio tape recorders, which make crisper and clearer recordings than conventional cassette recorders, are being sold in Japan and Europe but not the United States, because of opposition by the record companies. They fear that digital compact disks could be copied too easily, thus depressing their sales. Now, according to industry and government officials at the Consumer Electronics Show, which ended here last week, there appears to be movement toward resolving the matter this spring.

Among the possible compromises is the use of a device that would limit, but not eliminate, the consumer's ability to make tapes of compact disks. Another approach would be to add a charge to the price of digital recorders and blank tapes to compensate record companies for lost sales.

Digital audio tapes, known as DAT, are the equivalent of conventional tapes in the same way that compact disks are the digital equivalent of traditional records. Both compact disks and digital tapes store musical information as a series of 0s and 1s, rather than as a signal corresponding to the sound waves. Both are free of noise and hiss. Moreover, even tapes of tapes can sound as good as the original. With conventional recording tape, each copy deteriorates slightly from the original; copies of copies become progressively worse.

Record companies have proposed a system, developed by CBS Records, that would remove a tiny sliver of sound from recordings. Digital recorders would contain a chip that would listen for this sliver of sound; if missing, the machine would not record. Record companies say the missing sound would be undetectable, musicians and high-fidelity aficionados disagree.

A House subcommittee last August approved a bill that would ban digital tape machines for one year unless they contained the so-called spoiler chip. The legislation has stalled, but the Japanese, fearful of inflating trade tensions, have held back on shipping digital tape machines to the United States. For now, everyone is awaiting the results of a study by the National Bureau of Standards, which was asked by Congress to determine whether the CBS system does indeed reduce sound quality. The report, which could come as early as the end of February, could tip the balance.

Both sides have reasons for compromise. Equipment makers want to settle the dispute so record companies will issue prerecorded music on digital tapes. The lack of these tapes is one reason digital recorders have not sold as well as expected in Japan and in Europe.

For record companies, the impetus to settle might come from the realization that if they don't now, by abandoning an insistence on the spoiler chip, they could lose the entire battle. If any manufacturer does break ranks and begin selling digital recorders in the United States, the record industry's congressional allies would have to move quickly to pass legislation banning them. That would not be easy, because such legislation could be labeled as anti-consumer.

There are already some digital tape machines in the "gray market" — bought in Europe and Japan and resold in the United States. Harman-Kardon Inc., a unit of Harman Industries, said at the electronics show that it would start selling a digital recorder this spring. Clanton Co. and Kenwood Electronics Inc. have similar plans. Perhaps more ominously for the record companies, their united front is starting to erode. Two small labels, GRP Records Inc. of New York and Delta Music of Los Angeles, said recently they would begin selling prerecorded digital tapes.

One compromise has been proposed by Philips NV. The Dutch electronics giant apparently has developed a system that would allow consumers to make digital tapes of compact disks but would prevent the making of tapes from those tapes, preventing large-scale copying by commercial purists. But, a recording industry spokesman said, this would be unacceptable because it would allow consumers to make more than one tape from one disk.

However, another impetus, some note, is that the Sony Corp., a leading maker of electronic equipment, recently bought CBS Records. The two sides, it seems, are becoming one and the same.

Both equipment makers and record companies have reason to compromise.

'Problem-Loan Banks' Grow in Popularity

By Eric N. Berg
New York Times Service

NEW YORK — A growing number of U.S. banks are utilizing a novel approach to shed bad loans: They are putting them into a separate unit and then spinning the unit off to shareholders.

The Federal Deposit Insurance Corp. views the approach as a way to lessen the costs of dealing with troubled or failed banks, and the creation of these new "problem-loan banks" is almost certain to accelerate, according to banking officials and analysts.

Because this approach could pave the way for otherwise unsalable troubled banks to be acquired by healthy institutions, hundreds of these banks might not have to be liquidated.

"It has appeal to buyers and facilitates deals," said a senior FDIC official, who requested anonymity.

The approach has already been used to clean up for sale several troubled banks, including Texas Commerce Bank, based in Houston; Crocker National Corp., based in San Francisco; and 45 small banks belonging to First Bank System of Minneapolis.

First Interstate Bank, based in Los Angeles, is in the process of creating a "problem-loan bank" for the bad loans of Allied Bankshares of Houston, which First Interstate is acquiring.

A. Robert Aboud has also recommended the approach as part of his proposed recapitalization of the troubled First City Bancorp. of Houston. Industry sources said that at least two other deals involving takeovers of troubled banks are in the works.

Believing that its troubled loans

are unfairly depressing its stock price, First Interstate also plans later this year to spin off about \$400 million of its own troubled loans to its shareholders.

"We think we're worth more as two parts than as a whole," said Frederick J. Elzea, a senior vice president of First Interstate.

Chemical Bank's 1987 acquisition of Texas Commerce was the first major deal in which the problem-loan bank concept was put into practice.

Chemical successfully offered to buy only those Texas Commerce loans that it felt were solid. The remaining \$300 million in loans were placed in a problem-loan bank that would continue to be owned by Texas Commerce shareholders.

The creation of problem-loan banks, while allowing would-be acquirers to buy only those loans they find attractive, also allows a troubled bank's shareholders to recoup some of their losses should their problem assets turn around. If the FDIC liquidates a failed bank, shareholders typically receive little if anything for their stock.

However, Steven D. Alquist, a director in the financial institutions group at Salomon Brothers Inc. said, "A lot of people think if you can spin off the problem loans you change the possibilities of the collecting bank; you don't."

"The only way that happens is if you can change the nonearning assets into earning assets."

Still, some analysts believe that the placement of problem loans into a separate company may increase the likelihood that these loans will be repaid, because the special banks often have both more time to work out the loans than the FDIC and managers with expertise in collection.

EUROBONDS: Data Point to Slower U.S. Growth

(Continued from first finance page)

of time before the higher yield on Eurodollar bonds draws them back to the international market.

Even without the Japanese, bankers report that Eurobond investors are looking to buy dollar paper. This reflects the death of buying in the final two months last year as well as the big stream of income that institutional investors experience in January from interest and principal repayments.

At present, 10-year Eurodollar bonds yield 66 basis points more than Treasury paper and on five-year Euro the pickup is 30 basis points.

Even if this does attract investors, the Eurodollar market will still face a problem of attracting issuers. In part, they are delaying tapping the market in the hope that rates will decline further. But even when they decide to issue bonds, they currently prefer to go to New York, where rates are lower and the maturity spectrum wider.

Manitoba last week issued 20-year bonds in New York, a stark contrast to the two-year life on the year's first dollar bonds issued in the Euro market.

Both Norsk Hydro and Eksportfinans issued two-year paper. Norsk Hydro's was the better one, as it was offered at yield 83

basis points more than Treasury notes. The \$250 million issue was offered at 101 bearing a coupon of 8 3/4 percent and subsequently traded at 65 basis points over the Treasury yield.

Eksportfinans, which sold \$150 million of 8 1/2 percent bonds offered at 104 1/2 to yield 61 over the benchmark rate, fared less well with investors.

Two features stand out in last week's activity: the high volume of currency options and the reopening of the warrant-bond market, giving investors an option on Japanese equities.

The currency options proved well timed, given the dollar's sharp rally. The most interesting was Financière Credit Suisse First Boston's double whammy, giving an option on the dollar and the Treasury's 8 3/4 percent bonds of 1997. An investor would gain from one or the other rising in price, but last week both rose.

The option, which was offered at \$130, gave the right to buy at per a nominally valued \$1,000 Treasury bond for 1,629 DM. By Friday night, it would have cost an investor 1,687 to buy \$1,000 and the 8 3/4 percent bonds were not trading at par but at a premium of 101/30/32.

Most of the currency warrants were U.S.-style, meaning they could be exercised any time during

SAVINGS: \$8 Billion S&L Plan

(Continued from first finance page)

2 percentage points more than those in other parts of the country on savings accounts.

Mr. Wall also said that Gerald P. Carmen, who headed the General Services Administration from 1981 to 1985, has been offered the job of president of the Federal Asset Disposition Association, which was set up to help solve the savings and loans crisis, and is "leaning toward" accepting.

FADA has been plagued with charges of conflict of interest, favoritism and mismanagement. Its first president, Roslyn Payne, was forced out last November.

tions into one statewide savings association, although there would be some mergers.

Mr. Wall said the plan calls for creating three kinds of new associations: those with less than \$800 million in assets, regional associations in the \$800 million to \$2.5 billion range, and bigger multi-regional.

A goal of federal regulators, Mr. Wall said, will be to bring down the high interest rates that Southwest savings associations are being forced to pay to attract depositors. Texas S&Ls are paying as much as

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Elders, Subsidiary Tapping Market

By Carl Gewirtz
International Herald Tribune

PARIS — Elders Ltd. Ltd., the Australian conglomerate, and a financial subsidiary are both tapping the international credit market.

The Australian parent company has appointed Chase Manhattan to arrange a \$500 million, five-year multi-option facility. The annual facility fee is 6 1/4 basis points, or 1/16 percent.

To draw on the credit, Elders will pay 10 basis points over the London interbank offered rate, and a utilization fee of an additional 7 1/2 basis points if more than half the amount is borrowed.

In response to rumors that Elders, as well as other Australian companies, suffered badly from October's collapse in stock prices, Chase officials note that the market value of Elders's shareholdings at the end of last year was in excess of the valuation carried on the company's books.

Chase officials acknowledge that the loan agreement contains various financial covenants — a gearing ratio and working-capital ratio — but say these "are in line with covenants in Elders's previous loan agreements and totally in line with market practices."

Still, the tightly priced credit will not be widely syndicated but arranged as a "club" loan among banks that already have a working relationship with Elders.

At the same time, Elders Finance Investment Co., carrying the guarantee of Elders Financial Group, which is a subsidiary of the parent company, has appointed Mellon Bank to arrange a \$150 million bankers' acceptance facility.

This will run for two years, and may be drawn in either dollars or the equivalent amount of sterling. Banks are being asked to underwrite only \$100 million.

The annual facility fee is set at

12 1/2 basis points and the maximum commission set at 35 basis points over the relevant acceptance rate.

CIR International, the holding company of the Italian financier Carlo de Benedetti, has appointed Merrill Lynch to arrange a \$200 million multi-option revolving credit facility.

It will run for five years and will carry a commitment fee of 6 1/4 basis points.

INTERNATIONAL CREDIT

points that is payable only if the credit is not drawn. The drawing charge is set at 12 1/2 basis points over Libor for the first three years and 15 basis points over Libor thereafter.

CIR can use the facility to arrange 1-, 3- or 6-month multicurrency advances. There is also an uncommitted facility giving it the right to request bids for banks on advances running up to one year.

Transamerica Financial, the U.S. insurance group, has selected Swiss Bank Corp. to arrange a \$500 million revolving credit. The drawing charge is set at 18 1/4 basis points over Libor. There is a utilization fee of 5 basis points if more than half is drawn and a commitment fee of 8 basis points on any undrawn amounts.

In France, Bouygues SA, the construction company that has expanded into the media business by buying the television channel TFI from the government, is seeking a 1 billion franc seven-year facility. This is being arranged as a club loan and details have not been made public.

But the terms are believed to be in line with those recently seen in the Paris market: a facility fee of some 6 basis points and a drawing charge of about 10 basis points over the Paris interbank rate.

In Britain, Halifax Building Society has picked Credit Suisse First

U.S. Firms Still Wary Of Futures

The Associated Press

NEW YORK — Major corporations tend to rely on short-term financing rather than financial futures and options to reduce their risk when issuing new debt, according to a study released Sunday.

But the study, by the Conference Board, a business research group, said that futures and options are likely to attract growing interest as financial market innovations and understanding increase.

Financial futures and options have become widely used by institutional investors and speculators over the past 15 years to generate profit and reduce risk.

Financial futures contracts involve an obligation to buy or sell specified amounts of bonds or other instruments at a specified price on a specified future date. Options contracts involve the right but not the obligation to buy or sell future contracts at a specified price.

The board said it found that most companies have been reluctant to use these techniques.

Most prefer to use short-term financing, swaps that involve agreements to exchange floating for fixed-rate payments and strategic timing to lower their risk when issuing debt, the report said.

"While futures and options have won the hearts of institutional investors, money managers, arbitrageurs and others, they continue to be greeted with skepticism by leading corporate financial executives," said Melissa A. Berman, the author of the study.

Nonetheless, she said, interest in financial futures and options appears to be growing and "more staff savvy could cause many firms to take the plunge."

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BOOK: 'Secrets of the Temple' Stirs Storm in Claiming Volcker's Inflation Policies Favored Rich Over Others

(Continued from first finance page) ... Conceded a Fed official: "There's some dirty laundry hanging out here" in the book, "In terms of the accountability of this place."

But, he said, by maintaining a convincing anti-inflation policy, the Fed may have minimized the pain that the economy had to undergo. Noting that renewed fears of inflation would tend to drive interest rates up again, he said: "You could argue that we've been able to keep the economy going this long because inflationary expectations have been wrong out."

BUY: Tourists in U.S. Go on Spree

(Continued from first finance page) ... Katsuhiko Marisada, an executive at the Japan National Tourist Organization in San Francisco, said that about 1 million Japanese visited the U.S.A. mainland in 1987, up 25 percent from the preceding year.

NASDAQ National Market

Table with columns for 100s High Low Close Change and various stock symbols like TPC, TRV, TRP, etc.

American Exchange Options

Table with columns for Option & price, Calls, Puts, and various stock symbols like AAPL, AMZN, etc.

Chicago Exchange Options

Table with columns for Option & price, Calls, Puts, and various stock symbols like AIG, AXP, etc.

Euromarts At a Glance

Table with columns for Eurobond Yields, Weekly Sales, and Libor Rates.

ESORTS & GUIDES section with various agency listings like REGENCY NY, MAYFAIR CLUB, etc.

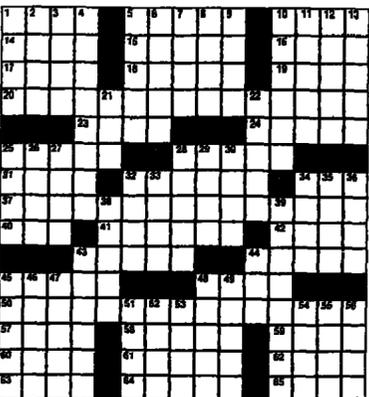
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ESORTS & GUIDES section with various agency listings like LONDON BELGRAVIA, MADRID LIGHT, etc.



ACROSS
1 Ducks for apples...
5 ... a dream...
7 Martin Luther King Jr.
10 Spotted cavy
14 Hanging askew
15 Toe
16 Viva voce
17 Close by
18 Verbal contraction
19 Rend asunder
20 Words from King
23 G.I.'s oases
24 Usher's beat
25 Dull finish
28 Freedom March starting point
31 Creamy color
32 Puck stopper
34 New Guinea seaport
37 What King envisioned
40 Conical cry at a mouse
41 Depended (on)
42 Price role
43 Designer
44 Jewish festival
45 ... Montgometry to Oslo
48 Writer Hunter

SPORTS BRIEFS

Johnson Sets Indoor-50 World Mark of 5.20

HAMILTON, Ontario (UPI) — Ben Johnson of Canada, who shattered the world record for 100 meters when he finished in 9.83 seconds at the 1987 world championships, broke the world indoor record for the 50 yards at an international track meet here Friday night.

Pate Maintains 1-Stroke Lead in T of C Golf

CARLSBAD, California (UPI) — Despite three bogeys in the final five holes Saturday, Steve Pate clung to a one-stroke lead entering Sunday's final round of the Tournament of Champions, the opening event of the 1988 PGA tour.

Stanley Undergoes Pitching-Hand Surgery

WORCESTER, Massachusetts (UPI) — Boston Red Sox pitcher Bob Stanley was in good condition Saturday recovering from tendon and digital-nerve damage to his pitching hand.

For the Record

Wifredo Vasquez of Puerto Rico kept his WBC bantamweight crown as he and Takuya Murguruma fought a 12-round draw Sunday in Osaka, Japan. (AP)
Quarterback Craig Burnett of Wyoming passed for a touchdown and led the drive for another to help the West defeat the East, 20-18, in football's Husky Bowl game Saturday in Honolulu. (AP)
Mike Perez of San Jose State threw a 3-yard TD pass to Washington's Darryl Franklin, and Tom Wheelan of Missouri kicked three field goals to give the West a 16-13 triumph over the East in the 63rd East-West Shrine Game Saturday in Stanford, California. (UPI)

SPORTS

CBS Fires 'the Greek' for Racial Remarks

By Dave Anderson
New York Times Service

NEW YORK — In the tinkle of Las Vegas slot machines nearly two decades ago, Jimmy (the Greek) Snyder was hurrying out of the Stardust lobby toward double glass doors. But instead of moving through the door that opened outward, he found himself stumbling against the one that opened inward.

World Stocks in Review

Via Agence France-Press

Amsterdam

After a nervous week, Amsterdam stock prices bounced back on Friday, helped by the release of the U.S. trade figures. The ANP/CBS general index closed at 210.4 on Friday, still lower than 222.4 the previous week.

Paris

A sharp recovery in Paris stock prices on Friday afternoon after the announcement of U.S. trade figures was unable to make up for the previous four days' losses. The CAC index finished the week at 270.8, down from 286.1 the previous Friday.

Frankfurt

Prices on the Frankfurt Stock Exchange lost an average of 3 percent last week in light trading as dealers waited for the U.S. trade figures. The Commerzbank index of 60 major shares closed 96.1 points lower on the week at 1,228.9.

Hong Kong

Prices swung in dull trading on the Hong Kong stock market last week ahead of the U.S. trade figures. The Hang Seng Index closed 30.90 points lower on the week at 2,429.77, while the broader Hang Kone Index finished 21.87 points down at 1,587.37.

London

The London Stock Exchange moved gradually last week, though U.S. trade figures prompted a recovery on Friday. The Financial Times industrial share index closed 12.2 points up on the previous week at 1,436.7.

Tokyo

Share prices eased in volatile trading in Tokyo amid uncertainty over the dollar and the U.S. monthly trade figures. The Nikkei Stock Index ended Thursday with the Nikkei Stock index down 268.91 yen to 22,603.65.

Zurich

Zurich stock prices lost 6 percent last week. The Swiss Bank Corp. index finished at 432.5 points, against 487.5 the previous Friday, while the Credit Suisse index closed at 408.3 against 434.7.

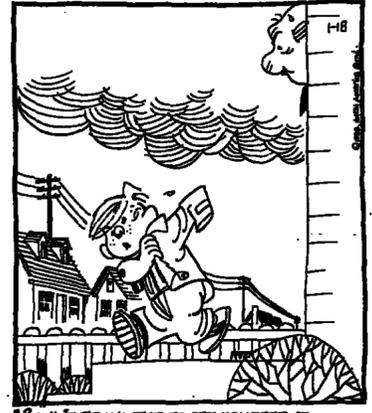
Milan

After a promising start in the first trading week of 1988, Milan stocks plunged again last week. The Milan Stock Exchange Index, which was readjusted to 1,000 points on Jan. 4, slumped to 990 points from the previous week's close of 1,032, for a weekly decline of 4.07 percent.

Solution to Friday's Puzzle

WIMP MAGIC MAR
AGEE ORONO MATE
ROSEBLOOM AREA
PROPOSED PARCEL
HITS AERIE
TRONE STEALTH
OREL ROTTEN THO
LINED ARE ADHEM
QUE EATERS EIRE
ADVANCE TABLE
ERIKS LAVA
LANOSE DEMITTED
ALTO MANUNIVERSE
RIM MAJIN RISE
DAS AGENA SOAP

DENNIS THE MENACE



JUMBLE

A word puzzle section with a grid and instructions: 'Unscramble these four Jumbles, one letter to each square, to form four ordinary words. NOAPI, ILETT, NEEWAK, TRONIA. Answer: "NO, I, NEE, TRONIA"'

WEATHER

A table with weather forecasts for various regions including Europe, Asia, Latin America, North America, Middle East, and Oceania. Columns include High, Low, and other weather indicators.

PEANUTS



BLONDIE



BEEBLE BAILEY



ANDY CAPP



WIZARD OF ID



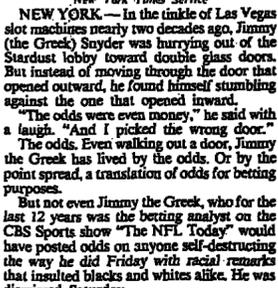
REX MORGAN



GARFIELD



Jimmy Snyder, self-styled 'sports analyst'



Jimmy Snyder, self-styled 'sports analyst.'

France Edge

Other blue chips also fared badly. Fiat ordinary lost 3.7 percent, while Fiat preferential shed 4.3 percent. In insurance, Generali was down by 3.4 percent, and Sai by 4.4 percent.

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JPL1015D

SPORTS

Lendl, Graf, Edberg in Quarters; Noah Upset

MELBOURNE — Ivan Lendl straggled off a determined challenge from Australian Wally Masur...



Pam Shriver: Despite playing in "a rotten frame of mind," yet to lose a set in the '88 Australian Open.

Lendl, ranked No. 1 in the world, crushed Masur, 7-5, 6-4, 6-4, to earn a quarterfinal meeting with Todd Witsken of the United States...

Redskins Hold Off Vikings to Win, 17-10

WASHINGTON — Doug Williams, overthrowing and underthrowing most of the day, hit Gary Clark with a 7-yard touchdown pass with 5:15 to play...

SCOREBOARD

Table with multiple columns: U.S. College Results, NBA Standings, World Cup Skiing, Hockey, NHL Standings, Tennis, and European Soccer. Includes various sports results and standings.

France Edges Past England, Ireland Wins

By Bob Donahue. PARIS — France 10, England 9. That's what the record books will say. They ought to add a footnote: "Hold-up du siècle..."



Laurent Rodriguez of France, left, carrying the play to England's Nigel Melville, scored the only try of Saturday's match in Paris.

Tomba Is World Cup Slalom Titlist; Müller and Walliser Win Downhills

Compiled by Our Staff From Dispatches. BAD KLEIN KIRCHHEIM, Austria — Alberto Tomba of Italy won the World Cup slalom title here Sunday with a crushing victory in the final cup slalom...

Figure Skating European Championships

(AP Press) Gold—Alexander Fadeyev, Soviet Union. Silver—Vladimir Kozlov, Soviet Union. Bronze—Viktor Petukhov, Soviet Union.

France was very lucky to win, Mike Harrison, England's captain, said at the joint banquet. "But, rugby is a funny game. If you don't take your chances, you don't win. 'C'est la vie'."

Transition. BASEBALL. American League. BALTIMORE—Signed Jackie Gutierrez, infielder, to a one-year contract.

Marcel Ophuls, Professional Memory Man

International Herald Tribune

PARIS — Marcel Ophuls is a contradictory man, difficult, he says, and a bit paranoid. He worships the sullen prewar films of Lubitsch and Capra and the films of his father, Max Ophuls, and he says accident made him become what he calls with uncomfortable irony "a professional conscience man."



Richard Allan/Agence Vu

Conscience means memory and Ophuls's documentaries "The Sorrow and the Pity," on occupied France; "A Sense of Loss," on Northern Ireland; "The Memory of Justice," on the Nuremberg war-crime trials, and now "Hot Terminus: The Life and Times of Klaus Barbie" — are about memory, about bearing witness. Memory is the uncomfortable side of conscience: A "professional memory man" would be a better description of Ophuls, with none of the complacency that the word conscience can suggest.

Right now the strain is telling because he is in the last stages of editing the Barbie film with too much footage and a budget strained by the dollar. "So right now there is Valium. The rest of the time there is a series of protective devices."

"One of them is to say that I am a hired gun, a mercenary of documentaries, which is true. I do it for a living and I didn't ask to do it, I started out on feature films. Talking about how the Barbie film began what seems like centuries ago with an invitation to write some articles for The Nation in New York, he interrupts himself: "You see I tell you this to prove that I go into these things by accident. I find it rather repellent that I would seem to be obsessed by these things, like a hamster running round a round. I take the line in interviews that I'd rather be doing something else."

"What I feel really is that life is short and there are lots of other problems and *basta*, that's all." He knows it's by no means all, but one can hardly blame him for wishing to think so.

Ophuls's first documentary, "The Sorrow and the Pity," did begin by accident when, having run out of steam as a director of feature films, he went to work for French television. He was making

After his documentary on Klaus Barbie, Marcel Ophuls would like to work again with actors

a film about the German occupation when the events of 1968 erupted. Ophuls quit and went to work for German television and there found money to complete "The Sorrow and the Pity" (1969), a four-and-a-half-hour film that was funny, heartbreaking and shocking in its depiction of France's eager compliance with the German occupiers. It is an extremely painful film, which many are one reason why Ophuls is uncomfortable with too much praise.

"I don't think it's a great film as you say. For one thing I don't think any documentary is. I do think documentaries are a very minor and very inferior type of filmmaking. Perhaps this is another protective device and perhaps my admiration for my father and Lubitsch and for all the great fiction film directors — I think fiction film is probably the great art form of the 20th century."

agree that 16 millimeter film and a wobbling camera and talking to people in the streets is no guarantee for anything.

Whatever he wishes to argue about form, Ophuls adds that the essential differences between what he terms minor and major arts are small. "You have to do the same thing as you do in feature filmmaking except that your road is narrower, your choices are narrower, your possibilities of expression are narrower. But you still have to do the same work. You have to structure, you have to make choices and you have to structure on the basis of the choices you make."

"And yes, the films should be amusing. One of the scandalous things that I should begin to say now is that on the good days, too, but on the good days in the editing room we laugh a lot. We laugh a lot because the picture is funny."

"I think it was important to have it because the alternative was not to have it. I don't believe in the educational necessity of the trial, not at all; you don't hold a trial like that for the young generation. And I don't believe in the symbolic value of the trial. I don't believe that individuals are symbols, whether they're mass murderers or not."

"I believe in the attempt to maintain mechanisms in a civilized society, to make differences between one act and another, to condemn one and acquit another. To make these differences — I think justice has to do with making differences. And, yes, with retribution."

Maybe, Ophuls reasons, when he has shown that he can still do it, he will get a chance to stage an opera or make another feature film (his first, "Peau de Banane," in 1965, starred Jean-Paul Belmondo and Jeanne Moreau). He has lectured on film comedy in the United States and has said that "Top Hat" is his favorite film. He would like to work again with actors.

"Actors are professionals, they get paid for what they do, they're specialists in what they do and they do it well. They tell good jokes. And I come from a theatrical family."

Max Ophuls was also Jewish and took his family to Paris, to the apartment his son still lives in, in 1933. In France, he continued his career as a director of wry and elegant films until the dangerous late date of 1941.

"My father was a native of the Saar and so had become a naturalized French citizen. He knew the war would be lost, he had no illusions about it and there wasn't any kind of heroism, but he felt he should see it through defeat and not leave before."

The Ophuls family went to Hollywood and Marcel attended Hollywood High School. "I was extremely lonely, extremely vulnerable. Not a football player. Sour grapes. A snob. They called me Franchie, they called me frog." He remembers that his parents were rare among exiled Jews in grieving when German cities were destroyed.

T-Words and Supine Concurrence

By William Safire

WASHINGTON — The Washington Post was bawling the reluctance of candidates to mention the dread word *taxes*. "They've been Mordred," the editorialist wrote, making a verb out of the name of the last candidate to suggest that a tax hike was inevitable. "You say the T-word and you die."

"These days," wrote a New York Times editorialist the same week, "the mere mention of the T-word — unemployment — sends shivers through the ranks of Moscow's economic reformers."

Early last year when a reporter asked Gary Hart if he had ever committed adultery the press corps began referring to that question as the A-question. The same construction applied when a Harvard colleague ranted on Judge Douglas H. Ginsburg, forcing the Supreme Court nominee to admit having smoked marijuana in the early 1970s. ABC's Sam Donaldson promptly dubbed that "the A-question."

To what do we owe this outbreak of initials? Children learn to speak before they learn to spell. Secure in that knowledge, parents from time immemorial have spelled out what they did not want their small children to understand.

Among parents, a modern worry is the use of obscene epithets by kids who hear the words all the time at the movies and may not understand how those words shock adults (or may understand all too well). "The Rating Code office told me a mandatory R went to any film using one of 17 words," explained Roy E. Disney, producer of the film "Pacific High," to The Associated Press in 1980. "The picture has four of them: 'mother f---er,' 'f---er,' 'f---er' and 'f---er.' That was different, they said — 'it was a picture that all Americans should have seen.' I couldn't understand that."

"Good medicine always has a bitter taste," was identified as a Japanese proverb by H.L. Menckin. Shakespeare's time, the sense of medicine's bitterness could be found in his comedy "Two Gentlemen of Verona." Proteus and Valentine, the two gentlemen, discuss the woman that Valentine loves; Proteus refuses to overpraise her, saying, "When I was sick, you gave me bitter pills, / And I must minister the bitter you."

The medical trope has long been active in the budgetary domain. "The budget would have to contain bitter medicine," wrote Newsweek in 1975 about New York City's fiscal crisis. Last year, Albert W. Wagner, the economist most often called "Doc," was quoted as opining, "We may have some choice as to what recipe we concoct for the bitter medicine," offering at least a change of taste in bitterness.

Let's forget that this metaphor is based on the notion that, if a medicine tastes bad, it must be good for you. That is a truism that is not necessarily true; sometimes we have to make the tender choices.

THREE incursions from our nation's leaders exemplify the state of the language: "This senator," said a stern majority leader Robert Byrd last year, "is not going to stand idly by in silence."

Supine, describing a position of the body, means "flat on the back, face up." By metaphorical extension, it has come to mean "passive, inactive," which is often the way we are in that position; but when you are *supine* in the middle of *stand by*, you are asking for a bodily contortion or mystic levitation difficult even for members of the Senate.

"I non-concur in the recommendation to sell the aircraft," courageously objected Lieutenant General E.R. Heiberg 3d to the Army's inspector General Edward Lavitt of New York City, who sent in his citation of Pentagonese, writes, "I non-agree with usage."

Concur, a verb from the Latin for "to run together" is a good way of saying, "I'll trot alongside of that." *Concurrence* is the noun, its opposite *non-concurrence* what is wrong with taking another step into a verb like *non-concur*. Because the language does not need the verb, *non-concur* made its first appearance in 1770 and flopped. We have *disagree with*, and the more principled *oppose from*; if the speaker wishes to be only the opposite of *concur*, he can say, "I do not concur." *Zap non-concur* with a laser beam, a modest advance in negotiations toward a strategic arms treaty, the negotiator Max Kampelman said, "We kicked the can down the road." What a superb use of metaphor. Who has not, as a kid, played kick-the-can, or in less organized fashion kicked a can over non-biodegradable container ahead?

"Kick the Can," which effectively summarizes duty but definite progress, is the title of a novel by Jim Lehrer coming out in May; the opening words of the book are: "I was too old to play kick-the-can anymore."

As long as we have negotiators creatively kicking the can, this department will do the same to critics and generals.

New York Times Service

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